

Scary pension series is just tip of the iceberg

If you have been reading the Republic's series by Craig Harris on the sorry state of pension management in Arizona, you probably are upset and angry. You should be.

For the past 18 months, I have been exposing government excesses and Phoenix's high labor cost -- our No. 1 expense. In case the obscenely generous payouts reported in articles haven't shocked you, here are more numbers that slam home the dangerous trend:

- \$200 million – what you pay for employee pension and retirement every year (and growing)
- \$17,000 – pay increase employees have received on average compared to five years ago
- \$100,000 – Current average annual cost for all 15,000 Phoenix employees, fully compensated.*
- \$16,666 – New employee incentive bonus approved
- \$270 million – Increase in employee cost over past five years – with about the same employee count.

* Source: City of Phoenix Budget and Research Five Year History of Employee Costs

Now, also consider what you pay to keep this going:

- \$100 million – new taxes/fees imposed on you this year alone (and growing)
- 40 percent – water rate increase over 5 years -- \$30 million more this year alone (and growing)
- \$3 million – 2010 sewer rate increase
- \$50 million – food tax passed with only 24 hours notice
- Plus scores of new and hiked fees on small businesses, growing so frequently that the city had to come up with a process to handle them.

Instead of addressing the high labor cost, Phoenix has shuffled workers to other departments. It issued passionate statements about municipal sacrifices to make the budget work – when in fact only 15 people were let go while most got raises or pension increases.

At the same time, Phoenix has cut programs, locations, hours, services, transit routes while delaying or killing projects for citizens. That includes libraries, senior centers, after school programs, neighborhood bus routes and more.

I think the city is in a fiscal crisis and is heading down the same path as General Motors, Bell, California, Detroit and Greece if it doesn't deal with labor costs, which are driven by pension and benefits. Before the articles, the city refused to even look at it. The outside examination recently recommended is good, if it's real and not simply a delaying tactic until the stories blow over.

I've long maintained that Phoenix needs to do two things to pull itself out of this fiscal death march:

1. Competitively bid out non-strategic areas (excluding police and fire) so employee groups and private sector compete.
2. Pay employees commensurate with the private sector. That could save nearly \$300 million.

You've seen public officials respond to these pension stories. Pressure and public scrutiny works. If you hold their feet closer to the fire than labor groups do, they will change things. Your voice matters most. Use it.

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Please read the following two *Arizona Republic* articles. The first is by Craig Harris, explaining why the pension system in Phoenix is unsustainable. The second is a column by Laurie Roberts about why residents should be outraged.

Arizona pension payouts bloated by Phoenix: <http://www.azcentral.com/news/articles/arizona-pensions-funds-phoenix.html>

Pension deal should outrage every Arizona taxpayer: <http://www.azcentral.com/members/Blog/LaurieRoberts/106992>